

**Harry S. Truman Library Institute  
for National and International Affairs**  
Accountants' Report and Financial Statements  
September 30, 2010 and 2009

# Harry S. Truman Library Institute for National and International Affairs

September 30, 2010 and 2009

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## Independent Accountants' Report on Financial Statements

Board of Directors  
Harry S. Truman Library Institute  
for National and International Affairs  
Independence, Missouri

We have audited the accompanying modified cash basis statement of cash, investments and net assets of the Harry S. Truman Library Institute for National and International Affairs (the Institute) as of September 30, 2010, and the related statements of support and revenue, expenses and changes in net assets and functional expenses for the year then ended. These financial statements and supplementary information are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Institute's 2009 financial statements and in our report dated March 3, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash, investments and net assets of Harry S. Truman Library Institute for National and International Affairs as of September 30, 2010 and the changes in its net assets for the year ended in conformity with the basis of accounting as described in Note 1.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*BKD, LLP*

Kansas City, Missouri  
March 11, 2011

**Harry S. Truman Library Institute  
for National and International Affairs**  
**Statements of Cash, Investments and Net Assets**  
**(Modified Cash Basis)**  
**September 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Cash</b>	\$ 25,257	\$ 55,269
<b>Investments</b>	<u>8,251,710</u>	<u>7,760,808</u>
Total cash and investments	<u>\$ 8,276,967</u>	<u>\$ 7,816,077</u>
<b>Net Assets</b>		
Unrestricted		
Board designated		
Endowment Fund	\$ 1,162,374	\$ 1,085,583
Preventative Maintenance Fund	293,687	250,885
Undesignated	<u>2,707,213</u>	<u>2,662,211</u>
	4,163,274	3,998,679
Temporarily restricted	861,393	565,098
Permanently restricted	<u>3,252,300</u>	<u>3,252,300</u>
Total net assets	<u>\$ 8,276,967</u>	<u>\$ 7,816,077</u>

**Harry S. Truman Library Institute**  
**for National and International Affairs**  
**Statements of Support and Revenue, Expenses and Changes in Net Assets**  
**(Modified Cash Basis)**  
**Year Ended September 30, 2010**  
**(with Comparative Totals for 2009)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010	Budget 2010	Comparative Totals for 2009
<b>Support and Revenues</b>						
Interest and dividends	\$ 91,886	\$ 80,692	\$ -	\$ 172,578	\$ 152,000	\$ 154,536
Contributions and grants	13,166	324,673	-	337,839	463,280	1,655,416
Annual memberships	248,063	-	-	248,063	235,000	232,544
Special event income, net of related expenses - \$77,137	211,963	-	-	211,963	305,250	254,733
White House Decision Center revenues	-	67,272	-	67,272	65,000	62,072
Exhibition surcharge fee	-	-	-	-	-	12,042
Other income	12,818	18,445	-	31,263	42,780	39,950
Net assets released from restrictions	577,896	491,082	-	1,068,978	1,263,310	2,411,293
	495,772	(495,772)	-	-	-	-
Total support and revenues	1,073,668	(4,690)	-	1,068,978	1,263,310	2,411,293
<b>Expenses</b>						
Program expenses	822,164	-	-	822,164	836,574	2,292,137
Management and general	204,751	-	-	204,751	208,340	206,348
Fundraising	226,000	-	-	226,000	229,961	270,387
Total expenses	1,252,915	-	-	1,252,915	1,274,875	2,768,872
<b>Support and Revenues Under Expenses</b>	(179,247)	(4,690)	-	(183,937)	\$ (11,565)	(357,579)
Net unrealized gains on investments	400,785	129,059	-	529,844		804,285
Net realized gains (losses) on investments	(56,943)	171,926	-	114,983		(830,660)
<b>Change in Net Assets</b>	164,595	296,295	-	460,890		(383,954)
<b>Net Assets Beginning of Year</b>	3,998,679	565,098	3,252,300	7,816,077		8,200,031
<b>Net Assets, End of Year</b>	\$ 4,163,274	\$ 861,393	\$ 3,252,300	\$ 8,276,967		\$ 7,816,077

See Notes to Financial Statements

**Harry S. Truman Library Institute**  
**for National and International Affairs**  
**Statements of Functional Expenses**  
**(Modified Cash Basis)**

**Year Ended September 30, 2010**  
**(with Comparative Totals for 2009)**

	Program Expenses	Management and General	Fundraising	Total 2010	Budget 2010	Comparative Totals for 2009
Grants and awards	\$ 60,680	-	-	\$ 60,680	\$ 71,500	\$ 67,520
Personnel	345,526	99,757	169,404	614,687	610,007	616,465
Volunteer/intern services	2,290	-	-	2,290	3,700	3,634
Office products and services	-	18,623	-	18,623	20,000	22,008
Fundraising products and services	-	-	41,221	41,221	42,000	44,062
Special events	-	-	77,137	77,137	77,137	75,437
Public programs	82,975	-	-	82,975	82,612	89,702
Meetings	-	6,833	-	6,833	9,000	11,486
Conferences	11,538	-	-	11,538	12,500	9,668
Education	40,970	-	-	40,970	40,919	42,096
Summer Teacher Institute	18,833	-	-	18,833	20,000	36,618
Exhibits	71,280	-	-	71,280	71,337	81,393
Annual membership programs	-	-	15,375	15,375	15,000	16,061
Professional fees	-	79,034	-	79,034	78,000	69,403
Public relations and advertising	52,716	-	-	52,716	57,000	71,315
White House Decision Center	14,495	-	-	14,495	15,000	19,612
Whistle Stop Newsletter	26,486	-	-	26,486	27,000	20,272
Website design and hosting	45,000	-	-	45,000	45,000	92,053
Capital improvements	-	-	-	-	-	1,428,538
Contingency/other	8,447	504	-	8,951	11,000	11,511
Preventative maintenance	40,928	-	-	40,928	43,300	15,455
Total expenses	822,164	204,751	303,137	1,330,052	1,352,012	2,844,309
Less special event expenses netted with special event income	-	-	77,137	77,137	77,137	75,437
Total expenses, net	\$ 822,164	\$ 204,751	\$ 226,000	\$ 1,252,915	\$ 1,274,875	\$ 2,768,872

See Notes to Financial Statements

**Harry S. Truman Library Institute  
for National and International Affairs**  
**Notes to Financial Statements**  
**September 30, 2010 and 2009**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

The Harry S. Truman Library Institute for National and International Affairs (the Institute) is a Missouri not-for-profit corporation whose purpose is to support and promote the Harry S. Truman Presidential Library in Independence, Missouri, as a major center for research and study. The Institute solicits public and private contributions to allocate among various programs and services. Programs and services supported by the Institute include grants for research study at the Truman Library, education programs and renovations to the Truman Library.

***Basis of Accounting***

The Institute prepares its financial statements using the modified cash basis of accounting. Accordingly, the accompanying financial statements are not intended to present financial position or changes in net assets in accordance with accounting principles generally accepted in the United States of America.

Under the modified cash basis of accounting, revenues and the related assets are generally recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Thus, receivables and payables, including pledges receivable of approximately \$307,000 and \$214,300 at September 30, 2010 and 2009, respectively, are not recognized in the accompanying financial statements. Expenditures for property and equipment are expensed rather than capitalized and depreciated. Assets are reported at fair value on the statements of cash, investments and net assets with unrealized gains (losses) recorded as increases or decreases to the net assets of the Institute.

***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Institute has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Institute in perpetuity.

***Board Designated Endowment***

The Board of Directors has established a Board Designated Endowment Fund, which can only be used for specific purposes as determined by the Executive Committee or the Board of Directors.

***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income, including realized and unrealized gains and losses.

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Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as temporarily restricted and then released from restriction. Other investment return is reflected in the statement of support and revenue, expenses and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

***Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of support and revenue, expenses and changes in net assets as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restrictions.

***In-kind Contributions***

In addition to receiving cash contributions, the Institute received in-kind contributions of \$33,160 and \$53,850 for the years ended September 30, 2010 and 2009, respectively, from various donors. It is the policy of the Institute not to record the in-kind contributions on the financial statements.

***Community Foundation Funds***

The Institute has transferred assets to two Community Foundations (Funds). Under the Community Foundation agreements, the net income and principal from the Funds are to be distributed to the Institute and/or designated payees in support of charitable programs as requested by the Funds' Advisory Committees. However, the Community Foundations reserve the right to make the final decision regarding the distribution of income and principal from the Funds.

It is the policy of the Institute not to record its beneficial interest in the assets of the Funds. Instead, contributions to the Funds are recorded as program expenses in the period in which the contributions are made. During the years ended September 30, 2010 and 2009, there were no contributions to or distributions from the Funds. As of September 30, 2010 and 2009, the fair value of the assets contributed to the Community Foundations available for distributions in support of Institute programs was \$79,829 and \$73,336, respectively.

***Missouri Development Finance Board Contributions***

The Institute signed an agreement with the Missouri Development Finance Board (Board) whereby the Board accepts contributions from donors for the Truman Working Office project resulting in the potential issuance of tax credits to the donors and deposit of such contributions into the Board's infrastructure development fund. The funds are then disbursed on a reimbursement basis as the Institute incurs expenditures related to the Institute's program as stated in the agreement.

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The agreement ended in 2009 with the completion of the Truman Working Office project. During the year ended September 30, 2009, the Institute received \$688,413 as reimbursement of expenditures.

***Income Taxes***

The Institute is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Institute is subject to federal income tax on any unrelated business taxable income. With a few exceptions, the Institute is no longer subject to U.S. federal examinations by tax authorities for years before 2007.

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of support and revenue, expenses and changes in net assets. Certain costs have been allocated among the program, management and general and fund raising categories based on management's estimates.

***Subsequent Events***

Subsequent events have been evaluated through March 11, 2011, which is the date the financial statements were available to be issued.

**Note 2: Investments and Investment Return**

***Investments***

Investments at September 30 consisted of the following:

	<u>2010</u>	<u>2009</u>
Money market funds	\$ 921,250	\$ 181,010
Corporate bonds	-	299,798
Exchange traded funds	3,391,914	2,211,072
Mutual funds	3,938,546	4,791,401
Common stocks	-	277,527
	<u>\$ 8,251,710</u>	<u>\$ 7,760,808</u>

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**Investment Return**

Total investment return is comprised of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 172,578	\$ 154,536
Net unrealized gains	529,844	804,285
Net realized gains (losses)	<u>114,983</u>	<u>(830,660)</u>
	<u>\$ 817,405</u>	<u>\$ 128,161</u>

**Fair Value Measurements**

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, exchange traded funds, mutual funds and common stocks. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include corporate bonds. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Institute did not have any Level 3 securities at September 30, 2010 or 2009.

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The following table presents the fair value measurements of assets recognized in the accompanying statements of cash, investments and net assets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2010 and 2009:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>September 30, 2010</b>				
Money market funds	\$ 921,250	\$ 921,250	\$ -	\$ -
Exchange traded funds	3,391,914	3,391,914	-	-
Mutual funds	3,938,546	3,938,546	-	-
	<u>\$ 8,251,710</u>	<u>\$ 8,251,710</u>	<u>\$ -</u>	<u>\$ -</u>
<b>September 30, 2009</b>				
Money market funds	\$ 181,010	\$ 181,010	\$ -	\$ -
Exchange traded funds	2,211,072	2,211,072	-	-
Mutual funds	4,791,401	4,791,401	-	-
Common stocks	277,527	277,527	-	-
Corporate bonds	299,798	-	299,798	-
	<u>\$ 7,760,808</u>	<u>\$ 7,461,010</u>	<u>\$ 299,798</u>	<u>\$ -</u>

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**Note 3: Net Assets**

***Temporarily Restricted Net Assets***

Temporarily restricted net assets at September 30 are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Endowment	\$ 861,393	\$ 552,118
Other	-	12,980
	<u>\$ 861,393</u>	<u>\$ 565,098</u>

***Permanently Restricted Net Assets***

Permanently restricted net assets at September 30 are restricted to:

	<u>2010</u>	<u>2009</u>
Investment in perpetuity, the income of which is expendable to support certain activities of the Institute	<u>\$ 3,252,300</u>	<u>\$ 3,252,300</u>

***Net Assets Released From Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2010</u>	<u>2009</u>
Purpose restriction accomplished		
Endowment appropriations	\$ 72,402	\$ -
Education	215,717	405,739
Korea60	112,035	-
Kemper document access	50,000	50,000
Speaker forum series	22,758	28,520
Books	12,406	12,594
Capital	-	1,145,144
Harry Truman's 125th Birthday	-	110,000
KC Plaza Library	-	60,000
Other	10,454	16,057
	<u>\$ 495,772</u>	<u>\$ 1,828,054</u>

**Harry S. Truman Library Institute  
for National and International Affairs**  
**Notes to Financial Statements**  
**September 30, 2010 and 2009**

**Note 4: Endowment**

***Interpretation of State Law***

The Institute's endowment consists of four individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Institute's governing body has interpreted the Uniform Prudent Management of Institutional Funds Act as adopted by the state of Missouri (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Institute and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Institute
7. Investment policies of the Institute

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**Composition of Endowment Net Assets**

The composition of net assets by type of endowment fund at September 30, 2010 and 2009 was:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>September 30, 2010</b>				
Donor-restricted endowment funds	\$ -	\$ 861,393	\$ 3,252,300	\$ 4,113,693
Board-designated endowment funds	1,162,374	-	-	1,162,374
Total endowment funds	<u>\$ 1,162,374</u>	<u>\$ 861,393</u>	<u>\$ 3,252,300</u>	<u>\$ 5,276,067</u>
<b>September 30, 2009</b>				
Donor-restricted endowment funds	\$ (12,679)	\$ 552,118	\$ 3,252,300	\$ 3,791,739
Board-designated endowment funds	1,085,583	-	-	1,085,583
Total endowment funds	<u>\$ 1,072,904</u>	<u>\$ 552,118</u>	<u>\$ 3,252,300</u>	<u>\$ 4,877,322</u>

**Changes in Endowment Net Assets**

Changes in endowment net assets for the years ended September 30, 2010 and 2009 were:

	<u>2010</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,072,904	\$ 552,118	\$ 3,252,300	\$ 4,877,322
Investment return				
Investment income	27,270	80,692	-	107,962
Net appreciation	69,734	300,985	-	370,719
Total investment return	97,004	381,677	-	478,681
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	(7,534)	(72,402)	-	(79,936)
Reallocation of investments	-	-	-	-
Endowment net assets, end of year	<u>\$ 1,162,374</u>	<u>\$ 861,393</u>	<u>\$ 3,252,300</u>	<u>\$ 5,276,067</u>

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	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 1,543,241	\$ -	\$ 2,977,340	\$ 4,520,581
Net asset reclassification due to change in law	(552,118)	552,118	-	-
Investment return				
Investment income	95,959	-	-	95,959
Net appreciation	64,978	-	-	64,978
Total investment return	160,937	-	-	160,937
Contributions	1,294	-	274,960	276,254
Appropriation of endowment assets for expenditure	(90,682)	-	-	(90,682)
Reallocation of investments	10,232	-	-	10,232
Endowment net assets, end of year	<u>\$ 1,072,904</u>	<u>\$ 552,118</u>	<u>\$ 3,252,300</u>	<u>\$ 4,877,322</u>

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at September 30, 2010 and 2009 consisted of:

	2010	2009
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or UPMIFA	<u>\$ 3,252,300</u>	<u>\$ 3,252,300</u>
Temporarily restricted net assets - portion of perpetual endowment funds subject to a time restriction under UPMIFA		
With purpose restrictions	\$ 12,904	\$ 1,108
Without purpose restrictions	848,489	551,010
	<u>\$ 861,393</u>	<u>\$ 552,118</u>

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***Investment and Spending Policies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Institute is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated \$0 and \$12,679 at September 30, 2010 and 2009, respectively.

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain and enhance the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Institute must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Institute's policies, endowment assets are invested in a manner that is intended to produce a moderate return while assuming a minimal level of investment risk. The Institute expects its endowment funds to provide an average rate of return of no less than the rate of inflation as measured by the Consumer Price Index plus 4%. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Institute targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Institute has a policy (the spending policy) of appropriating for expenditure each year the realized earnings and interest income for the board designated endowments. The policy allows up to 5% of board-designated endowment net assets to be expended on an annual basis. The investment income from the board designated endowment is unrestricted and may be fully expended as needed with prior approval by the board. Donor-restricted endowments are expended in accordance with the donor agreements.

**Note 5: Defined Contribution Plan**

The Institute has a defined contribution pension plan covering substantially all employees. The Institute contributes 7% of each employee's salary to the Plan. In addition, employees may make voluntary contributions to the Plan. Pension expense was \$32,042 and \$33,611 for 2010 and 2009, respectively.

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**Note 6: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Contributions and Grants***

During 2010, no one donor contributed more than 10% of total contributions and grants. During 2009, approximately 43% of all contributions and grants were received from two donors. Contributions from Board members and/or entities closely related to Board members were approximately \$187,000 and \$629,200 in fiscal year 2010 and 2009, respectively, and are included in various captions in the Statement of Support and Revenue, Expenses and Changes in Net Assets.

***Current Economic Conditions***

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets and declines in contributions. The financial statements have been prepared using values and information currently available to the Institute.

Current economic conditions have made it difficult for many donors to contribute to not-for-profit organizations. A significant decline in contribution revenue could have an adverse impact on the Institute's future operating results. In addition, given the volatility of current economic conditions, the values of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Institute.

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## **Supplementary Information**

**Harry S. Truman Library Institute  
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Summary of Net Assets and Other Resources  
September 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Net Assets</b>				
General fund	\$ 2,707,213	\$ -	\$ -	\$ 2,707,213
Board designated				
Endowment fund	1,162,374	-	-	1,162,374
Preventative maintenance fund	293,687	-	-	293,687
Endowment fund	-	861,393	3,252,300	4,113,693
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets as shown in the accompanying financial statements	4,163,274	861,393	3,252,300	8,276,967
<b>Other Resources</b>				
Community foundations	-	79,829	-	79,829
Pledges receivable	-	307,011	-	307,011
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets and off-book resources	<u>\$ 4,163,274</u>	<u>\$ 1,248,233</u>	<u>\$ 3,252,300</u>	<u>\$ 8,663,807</u>

**Harry S. Truman Library Institute  
for National and International Affairs  
Note to Summary of Net Assets and Other Resources  
September 30, 2010**

**Fund Accounting**

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Institute, the accounts are maintained in accordance with the principles of “fund accounting.” This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the activities or objectives specified. Separate accounts are maintained for each fund. The Institute maintains four funds as follows:

***General Fund***

The General Fund reports all revenues received and expenditures made not specifically allocated to the Institute’s restricted purpose funds. Revenues consist primarily of investment income and annual giving. Expenses relate to scholarships, research grants and general operating expenses of the Institute.

***Endowment Fund***

The Endowment Fund was established in 1992 to account for endowment funds received by the Institute. Endowment funds are subject to restrictions of gift instruments requiring in perpetuity that all of the principal be invested and only the income be used for Institute expenditures.

***Board Designated Endowment Fund***

The Board Designated Endowment Fund was created by a vote of the Board of Directors, rather than a donor or other outside agency, to help ensure the future financial well-being of the Institute.

***Board Designated Preventive Maintenance Fund***

The Board Designated Preventive Maintenance Fund was created by of the Board of Directors, rather than a donor or other outside agency, to help ensure the financial well-being of the Institute and maintain a pool of funds available for preventive maintenance needs.

**Harry S. Truman Library Institute  
for National and International Affairs  
Summary of Pledges Receivable  
September 30, 2010 and 2009**

The Institute receives grant promises and pledges to be received (pledges receivable). Under the modified cash basis of accounting, these pledges receivable are not recognized in the accompanying financial statements until payment is received. The following is a summary of pledges receivable, undiscounted, for the years ended September 30, 2010 and 2009:

Pledges Receivable, October 1, 2008	\$ 463,742
Grant promises and pledges received	145,150
Grant and pledge payments received	(390,342)
Write-offs	(4,270)
	<hr/>
Pledges Receivable, September 30, 2009	214,280
Grant promises and pledges received	193,545
Grant and pledge payments received	(100,779)
Write-offs	(35)
	<hr/>
Pledges Receivable, September 30, 2010	<u><u>\$ 307,011</u></u>

Scheduled payments on pledges receivable are due as follows:

Year Ending September 30,

2011	\$ 182,011
2012	75,000
2013	50,000
	<hr/>
	<u><u>\$ 307,011</u></u>